

YE 02995

UC-NRLF

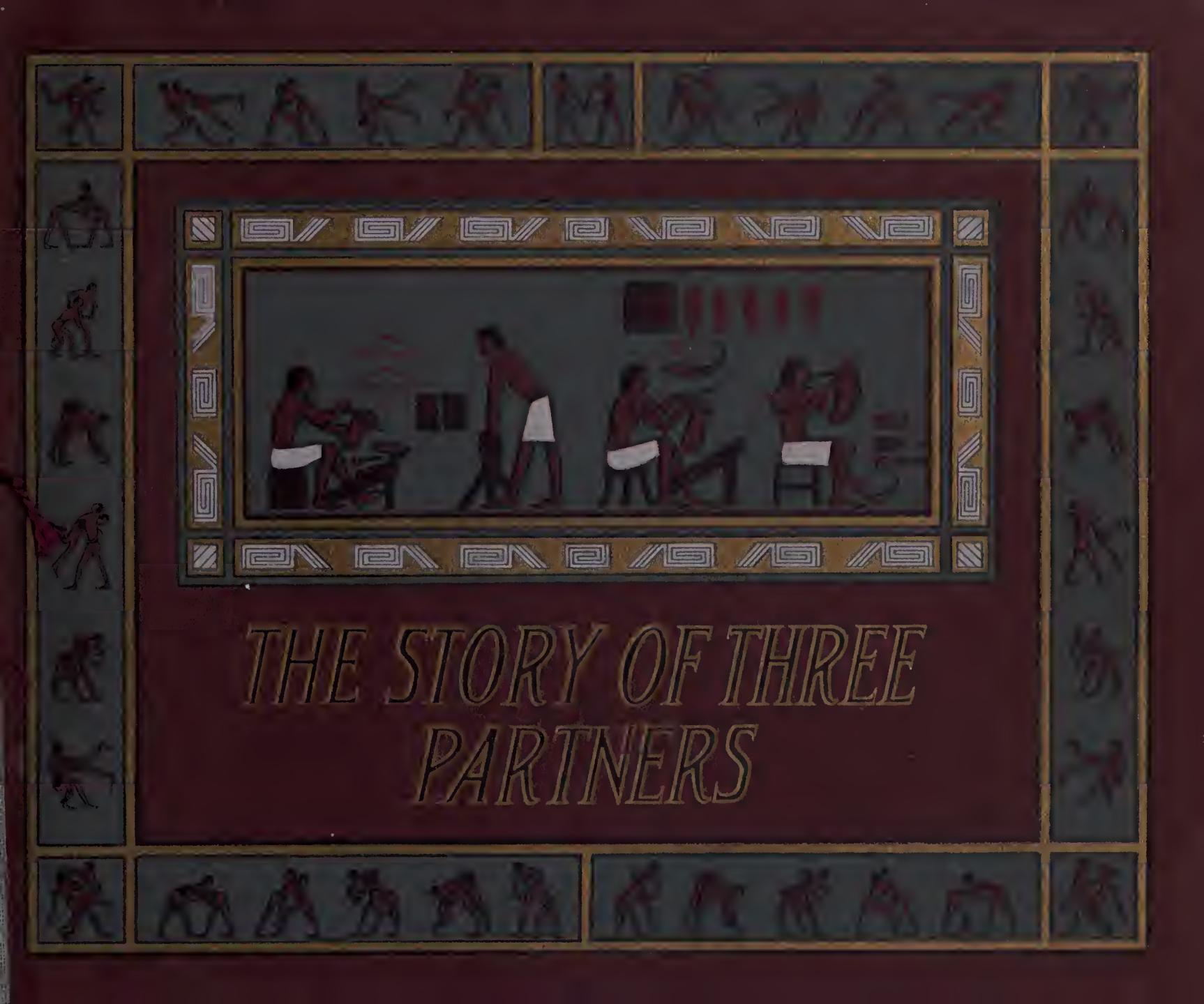


‡C 14 715

GIFT OF



EX LIBRIS



THE STORY OF THREE PARTNERS

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

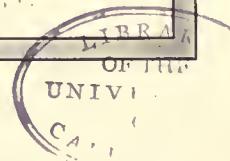
<http://www.archive.org/details/storyofthreepart00dreirich>

THE STORY OF THREE PARTNERS

— + —
By Thomas Drower

*UNITED SHOE MACHINERY COMPANY
BEVERLY, MASS. U.S.A.*

© 1911 by U.S.M.C.



HP 7415
U6D8

EMPLOYERS' WELFARE DEPARTMENT
THE NATIONAL CIVIC FEDERATION

METROPOLITAN BUILDING
1 MADISON AVENUE, NEW YORK CITY

E X E C U T I V E C O U N C I L

WILLIAM R. WILLCOX, *Chairman*
CYRUS H. MCCORMICK, *1st Vice-Chairman*
EMERSON Mc MILLIN, *2d Vice-Chairman*
ELLISON A. SMYTH, *3d Vice-Chairman*
NATHAN STRAUS, *4th Vice-Chairman*
ISAAC N. SELIGMAN, *Treasurer*
MISS GERTRUDE BEEKS, *Secretary*
B. J. GREENHUT, *Chairman Ways and Means Com.*

W. L. SAUNDERS, *Chairman New York Welfare Com.*
AUGUST BELMONT, *Chairman Department Compensation for Industrial Accidents and Their Prevention*
JOHN HAYS HAMMOND, *Chairman Department on Prevention of Mining Accidents*

GEORGE W. PERKINS, *Chairman Dept. on Wage Earners' Ins.*
W. R. WILLCOX, *Chairman Com. Public Employees' Pensions*
ROBERT D. KOHN, *Consulting Architect*
CHRISTOPH D. ROEHR, *Commissary Expert*
ALEXANDER LAMBERT, *Medical Director*

MR. L. A. COOLIDGE, *Treasurer*,
United Shoe Machinery Company, Albany Building, Boston, Mass.

June 2, 1911.

Dear Mr. Coolidge: — Recently I read the magazine article on the United Shoe Machinery Company's welfare work at the Beverly factory and realized for the first time, through this comprehensive account, how extensively the Company has promoted its welfare work and how sanely this work has been conducted. Mr. George W. Brown, your Vice-President, having become a member of our Executive Committee at the time of the organization of our Employers' Welfare Department and having progressed with us step by step, I did not before appreciate, although we have been constantly in conference with you, the cumulative result of your efforts along this line.

No other member has followed more zealously and adhered more closely to the underlying principles necessary to the successful operation of welfare work laid down by our Welfare Department at its inception, namely: that steady work, an equitable wage and reasonable hours of labor are the first essentials to the welfare of employees and that the employer must be just in those matters if he proposes successfully to carry out his further obligation in providing sanitary work places, recreation, educational classes, homes and provident funds — the five divisions of welfare work. One of our rules has been to advocate that particular attention should be given to the pressing necessities for the physical well-being of employees in their work places. That your Company has recognized these fundamental principles is evidenced plainly in the development of your welfare work. One of the criticisms, sometimes erroneously made of welfare work, is that it takes the place of wages. This is clearly disproven in your case, since Beverly has been held the first industrial place in the State of Massachusetts regarding average yearly earnings since 1908. I believe the training of the young men, to increase their opportunities in life, is a contribution to good citizenship.

Most inspiring is a glance at the views showing the beautiful country surrounding the factory, the young women in their rest room, the perfectly equipped emergency hospital, the game rooms in the Men's Club, the class rooms containing the young men at their desks for industrial education, and the grounds for the field day games.

One strong point in praise of this work is the spirit shown by the Company, which provides these improvements *because it is right*. Your employees are treated as human beings, in that the equipment provided in connection with the welfare features is the best. To express to your Company the appreciation I feel concerning its helpfulness to the whole movement in the cause of welfare work would be to comment upon all the points so well covered by the article above mentioned. I must congratulate you upon the preventive work, through ventilation devices, safeguards against accidents, light workrooms, lunch rooms and other sanitary arrangements making for good health. When all employers so recognize their full duty, the great need for tuberculosis sanatoriums and almshouses will be materially reduced. The participation of the officials in the welfare activities also is gratifying.

Since our method of inducing employers to better the conditions of their employees is that of proving the value of welfare work by quoting splendid examples, we shall find it particularly valuable to point to the United Shoe Machinery Company for emulation.

Sincerely yours,

(Signed) GERTRUDE BEEKS,
Secretary Welfare Department.



Club House for Employees

The Story of Three Partners

By THOMAS DREIER

THIS is a story about a successful corporation that exists for the purpose of making a profit. That, of course, is a terrible indictment to bring against it. But, since every business institution is organized for that purpose, we may find it in our hearts to extend forgiveness, especially when these profits are made as the result of obeying fundamental laws, — laws which even the individual must obey if he would live and grow and serve.

The Law of Self-preservation and the Law of Self-perpetuation demand absolute obedience. They cannot be broken. Disobedience brings punishment. There can be no appeal. This story, then, is about a business institution that has obeyed and is obeying the fundamental laws of nature. It is self-supporting and self-perpetuating, and the secret of its success is — Service.

Persons and business institutions may be divided into four classes : Predatory, Mendicant, Remittance, and Earners. The first robs and steals, the second begs, the third lives on voluntary



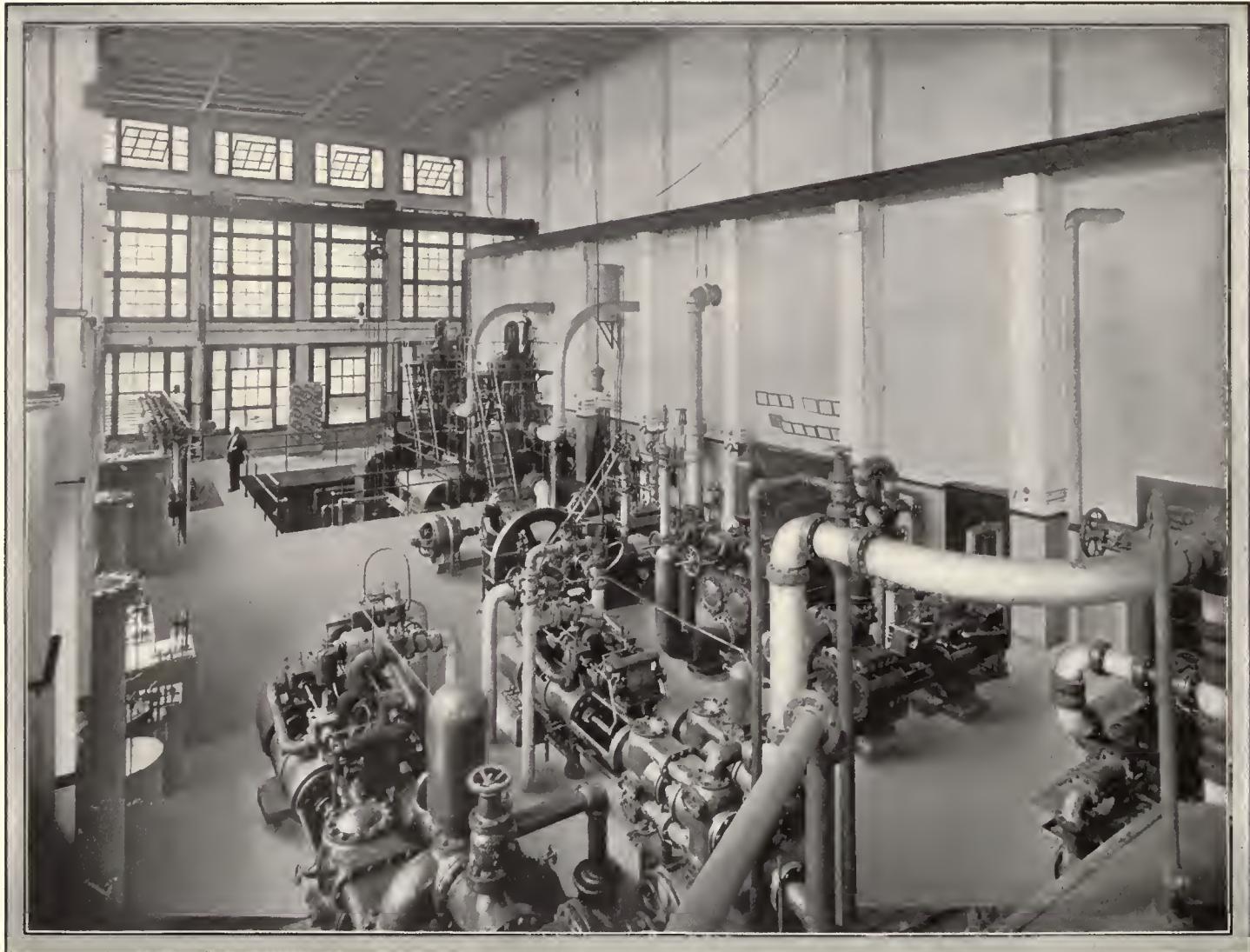
gifts, while the fourth class is the only one worth while. The individual in obeying the two fundamental laws demands what we call the three Primary Requisites: Food, Raiment, and Shelter. To get these things and others which he desires, he may employ either of the four methods, but, if he be wise, he will understand the common sense packed into "The greatest among ye shall be your servant," and will see clearly, to quote a business philosopher, that "the science of business is the science of service, and he profits most who serves best."

Born in an age when big business men everywhere believed in "Competition is the life of trade," the United Shoe Machinery Company has shown almost uncanny wisdom in introducing into its organization the comparatively modern business-building belief that a high ideal is the most practical thing in the world, that the principle of equal service to all and special privilege to none is not only ethically right but in practice becomes commercial wisdom. These wide-eyed, broad-visioned, practical business-getters and business-builders have demonstrated that service pays,— pays in dollars and cents and in those finer things which must ever be woven into a life that is a true success.

Harmonious Co-operation Maintained

This, then, is a story about Three Partners,— the three partners who control every business institution, large or small, successful or unsuccessful. The men who have built the United Shoe Machinery Company, keen, alert, dynamic individualists as they are, have seen, and still see clearly, that no business can continue to be successful where these three partners are not working together in absolute harmony — towards a single, clearly defined ideal. These three partners are: Capital, Labor, and Society, or the Public.

Men being the most important part of the plant, the management has left undone nothing that makes for the comfort of the workers and for the efficiency of the work. It is said that in the factories at Beverly there exists a feeling of harmony and contentment not found in any plant of a similar nature anywhere in the world. "All that can be expected from the most perfect institutions," wrote Amiel in his *Journal*, "is that they should make it possible for individual excellence to develop itself, not that they should produce the excellent individual." This idea of Amiel's has been introduced into the every-day working plan of this Beverly institution. Conditions that deaden the intellect, that weaken the body, that rob men of hope have been eliminated. Conditions that encourage physical and mental growth, that stimulate ambition, that fill the workers with belief in a still finer future have been introduced.



"No bargain is a bargain," said one of the men connected with the management, "unless both parties concerned in the transaction pronounce it a bargain." You can see that it matters little what the management may say about the excellence of conditions in its plant unless their statements are backed up by the workers themselves. That the workers do believe that their working conditions, their wages, their opportunities for growth and for happiness are better than can be found elsewhere, and, what is more important, are absolutely satisfactory to them, is proved by the fact that strikes and other forms of labor trouble are not known. The management believes in the Chinese principle which compels the physician to keep his patients healthy, instead of in the American practice of curing after disease has taken hold. The workers in the Beverly plant are healthy physically and mentally. Their minds are not diseased. They are not afflicted with dissatisfaction.

Some one has called all this "a perfect sociological symphony." This seems to be nothing but the truth. One feels that a great orchestra had been used as a model — a great orchestra where every man plays his part as a master musician. The product is industrial harmony.

Our socialist friends may not agree with this, — any more than they agree among themselves when a definition of socialism is demanded — but a man familiar with sociology and its problems pronounces this plant to be a place "where a pure democratic standard has been reached and maintained, with the added merit of having impractical socialistic elements eliminated."

It is in unconscious obedience to the great Aristotelian philosophy that this plant is conducted as it is. Aristotle, you will remember, commands men, in his first doctrine, to work for worthy ends. The aim of the management is to produce in this plant shoe machinery that will approach one hundred per cent efficiency. Aristotle, in his second doctrine, says that men must have tools to work with; means by which to gain ends efficiently. In obedience to this the management has introduced with its machinery social betterments which add to the happiness, the contentment and mental efficiency of its men. The third great Aristotelian principle follows directly from the first two. "If we are to use instruments for some great end," writes William DeWitt Hyde in explanation of that third principle, "then the amount of the instruments we want, and the extent to which we shall use them, will obviously be determined by the end at which we aim."

The aim of these business-builders has been and is to bring about and maintain harmonious co-operation between employers and employees to the end of rendering satisfactory service to society. The purpose of every organization, no matter what it may be, is realized only by the





interplay of men, machines, materials, and methods. And of these elements the greatest is men. You will remember that, when a wise old business-builder of an earlier day was asked to give the three chief reasons for his success, his answer was : first, men ; second, *men* ; third, **MEN**.

The officials of the United Shoe Machinery Company realize that, if they can bring about and maintain an efficient interplay of men, machines, materials, and methods, with service to society, to the ultimate consumer, as their clearly defined ideal, the matter of profit-making will take care of itself. Efficient results cannot be obtained with a machine that is faulty. Practical manufacturers have always realized that. But not all manufacturers have seen that a perfect machine in the hands of an efficient but dissatisfied employee can never, and has never, produced a perfect result.

In an efficiently managed organization fewer men work less hard, receive higher wages, and deliver a cheaper product. The "cheaper product" part is of especial interest to the consumer,—to society. Waste within an organization will manifest itself in high cost in the market-place. Waste must be paid for, and, unless the public pays it, the organization cannot be self-supporting or self-perpetuating.

"It is not because men do not work hard," says Harrington Emerson, "but because they are poorly directed *and work under adverse conditions that their efficiency is low.*"

Let us look into the conditions under which the co-workers of the managers of the United Shoe Machinery Company perform their tasks.

Health-giving Light and Air

"Physical health is the first requisite of an efficient worker," said one of the officials. "The worker who is not physically healthy cannot be mentally healthy. Health of body is the result of nourishing food built into the body by means of proper exercise. Our first aim, then, in building our factory was to provide conditions which would keep the bodies of our workers in perfect health. Light is food. So is air. We have provided plenty of both."

So they have. The monster plant established at Beverly, Mass., is like a materialization of the great command, "Let there be Light." The sixteen buildings constructed of reinforced concrete have seventy-five per cent of wall space devoted to windows. A few of the buildings have as high as ninety per cent of their wall space made of glass. Not frosted windows, mind you, such as foolish folk use to keep workmen from looking out, but clear, *clean* glass through which the sun is invited to shine every day of the year. In addition to this, for the reason that the sun does not always see fit to accept the hearty invitation to enter and abide, the whole plant is flooded



with electricity. The lamps are not only placed where they radiate light generally, but individual lamps with protecting eye-shades are to be found on every machine, ready for use at all times.

It was Goethe who said something to the effect that, when we want to find out what people think about, we should watch them on holidays when they are free to do what they most love to do. The United Shoe Machinery managers discovered, as other managers may eventually discover, that workmen, when they are free and have the opportunity, love to spend their free time in the sunshine in the open air. They go into the fresh air because that is food that their bodies demand. Of course, a manufacturing plant cannot be conducted in an open field. But it can be so built and conducted that the fresh open-field air may be brought into it. The Beverly plant is therefore equipped with an aërating apparatus that not only breathes in great quantities of fresh air, but gathers up odors, dust, gases, and impurities, and expels them, thus doing for the factory what the lungs do for the human body. The football coach rejoices when the day is sunshiny and the air is so crisp that it almost crackles. The managers have tried to create in this plant an atmosphere that crackles. They insist that a workman at a machine in this shop is better off than a workman at the same machine in the open air. The reason for this is that powerful suction fans pull every particle of dust upward and away from the operator's lungs. Not only is the dust removed, but every safeguard devised to prevent accidents, no matter how costly, is employed

The One-price System Prevails

Three hundred different machines for the manufacture of shoes are made in this plant. Some are very simple; some so intricate and almost human that hundreds of thousands of dollars have gone into their invention and perfection. There was a time, in the early, chaotic days of shoe machinery manufacture, when the shoe manufacturer was forced to depend upon many makers of shoe machinery for the proper equipment of his factory. To-day all that is changed. All the machines required in certain departments for the efficient manufacture of shoes may now be obtained from this one concern—United Shoe Machinery Company. And here is an important fact: *The smallest manufacturer can obtain his machines on precisely the same terms as his largest and most prosperous competitor.* In the sale and leasing of United Shoe Machinery products the one-price system prevails. Absolute impartiality is the rule; no preference is shown. The small shoe manufacturer with his daily output of a few hundred pairs receives the same service and pays the same price as the large manufacturer with his daily output of thousands of pairs. This is



business and service of the highest order, combined, and it is doubtful if it is duplicated by any other industrial organization in this country.

Leasing System Prevents Shoe Manufacturers' Trust

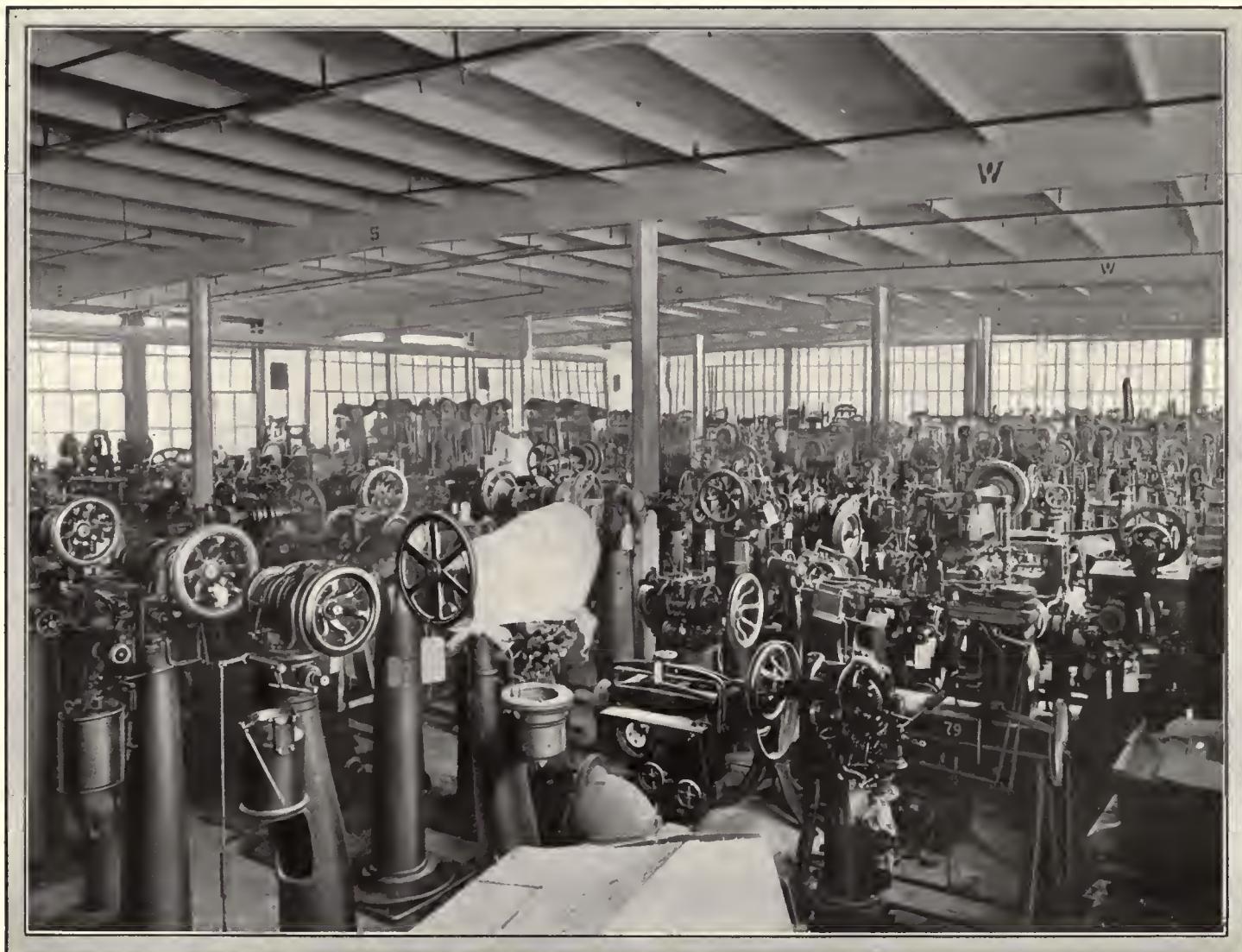
There is only one reason why a shoe manufacturer should buy his equipment of the United Shoe Machinery Company. That reason is: This company supplies him the maximum of service at the minimum of cost. Whether he buys or leases his machines, he is assured that back of each machine stands all the knowledge, all the power, all the desire to serve, of a concern that has grown greatest solely because of its fitness to serve most efficiently. *Because of the leasing system, small manufacturers may engage in business, and, so far as the purchasing or leasing of machinery is concerned, receive the same treatment as a millionaire competitor.* "This industry," says the Massachusetts Commission on the Cost of Living, writing of the shoemaking business in a recently published report, — "this industry is one of the few lines of industrial enterprise of the United States in which the trust form of control has made no headway." It is said that in 1910 there were over 1,200 independent shoe manufacturers.

Let this be stated with all the emphasis of italics: *For the making of the best type of shoe the company's principal machines are the Goodyear Welting Machine and the Goodyear Stitching Machine, and any manufacturer can lease these machines without being obliged to buy or lease anything else from the company.* Congressman John W. Weeks, of Massachusetts, laid emphasis upon this in a speech which he delivered in the House of Representatives, when, among other things, he said:

"Any manufacturer can lease the company's essential machines without being obliged to use any other machine which the company makes. Substantially every factory in the United States uses machines which it has not obtained from the United Shoe Machinery Company. In many cases they come in direct competition with the machines which this company produces. None of the machines which stitch together the pieces of the upper part of the shoe are produced by this company, and necessarily these machines must constitute a large part of any factory's equipment. The direct advantage which the United Shoe Machinery Company has is that it can furnish all the machines which are used in attaching the soles and heels to the uppers, in what is known as the 'Bottoming Room,' and I believe it is the only company which can do this."

Company Formed to Reduce Production Cost

The United Shoe Machinery Company was formed in 1899 by the consolidation of but three concerns. The principal machines which each made, as President Winslow points out, did not



interfere with the machines made by any other of the three companies. The situation then was that the Goodyear Shoe Machinery Company chiefly made machines for sewing the sole to the upper in welt shoes and various auxiliary machines which helped to perfect the shoe; the Consolidated and McKay Lasting Machine Company made machines for lasting a shoe, an entirely distinct operation; the McKay Shoe Machinery Company made machines for attaching soles and heels by metallic fastenings and furnished material for that purpose. The object of the consolidation was not to destroy competition. The purpose was to reduce the cost of production of the machines, to improve the quality of service furnished without increasing the cost to the shoe manufacturer, and to give to each manufacturer who might wish it an opportunity to get from a single company under these improved conditions such of these machines as he might need in that department of the factory in which soles and heels are attached to uppers—the machines in what is known as the "bottoming room." It was intended to give to shoe manufacturers a convenience similar to that which a great department store affords its customers, or which a coal dealer offers to those who may prefer to buy coal, wood, and coke in a single establishment.

"The beneficial results of the consolidation and of the company's methods, both to the shoe manufacturer and the consumer, have been manifest," says President Winslow. "By leasing machines to all manufacturers, large and small, on the same terms, the company enables the small manufacturer to have a credit with every leather dealer, previously entirely unknown, to establish himself in business and continue business without tying up a large and perhaps a prohibitive amount of capital in his machinery, conscious that he is under no disadvantage in competing with the large manufacturer who perhaps might feel better able to tie up a portion of his capital in costly machinery, subject to more rapid depreciation than the machinery employed in any other large industry. Competition in the shoe manufacturing industry in consequence is more free than in any other extensive industry."

The service and the cost of the service the company renders the manufacturers is of vital interest to us, since, in the end, the wearers of shoes pay the price. The average royalty paid by a shoe manufacturer for the use of all machines furnished by the company in the manufacture of all types and grades of shoes is less than $2\frac{2}{3}$ cents per pair of shoes. This, says President Winslow, upon whose authority the above statement is made, includes the Goodyear welt shoe, on which the highest royalty paid on the most expensive shoe is less than $5\frac{1}{4}$ cents per pair.

Goodyear welt shoes constitute less than one-third of the total annual production in the United States. *On 164,000,000 pairs of shoes out of the total annual production, including Goodyear*



turn shoes, McKay shoes, Standard screw and loose-nailed shoes, the amount of royalty received will average less than 1½ cents per pair, and this is all the company receives for the manufacture, installation, and use of the machines, for its care and service in keeping the machines in running order, and for instruction of operatives.

We ultimate consumer folks, then, are given the service of the millions of dollars that have been invested in the invention, development, manufacturing, and marketing of shoe manufacturing machinery at a cost of 2½ cents per pair. One is almost inclined to believe that there are few of us who cannot afford to pay that scandalous price with something on our faces that resembles a smile.

We have now discovered what service we get from this company. Let us peep into the affairs of the factory workers and discover what they receive.

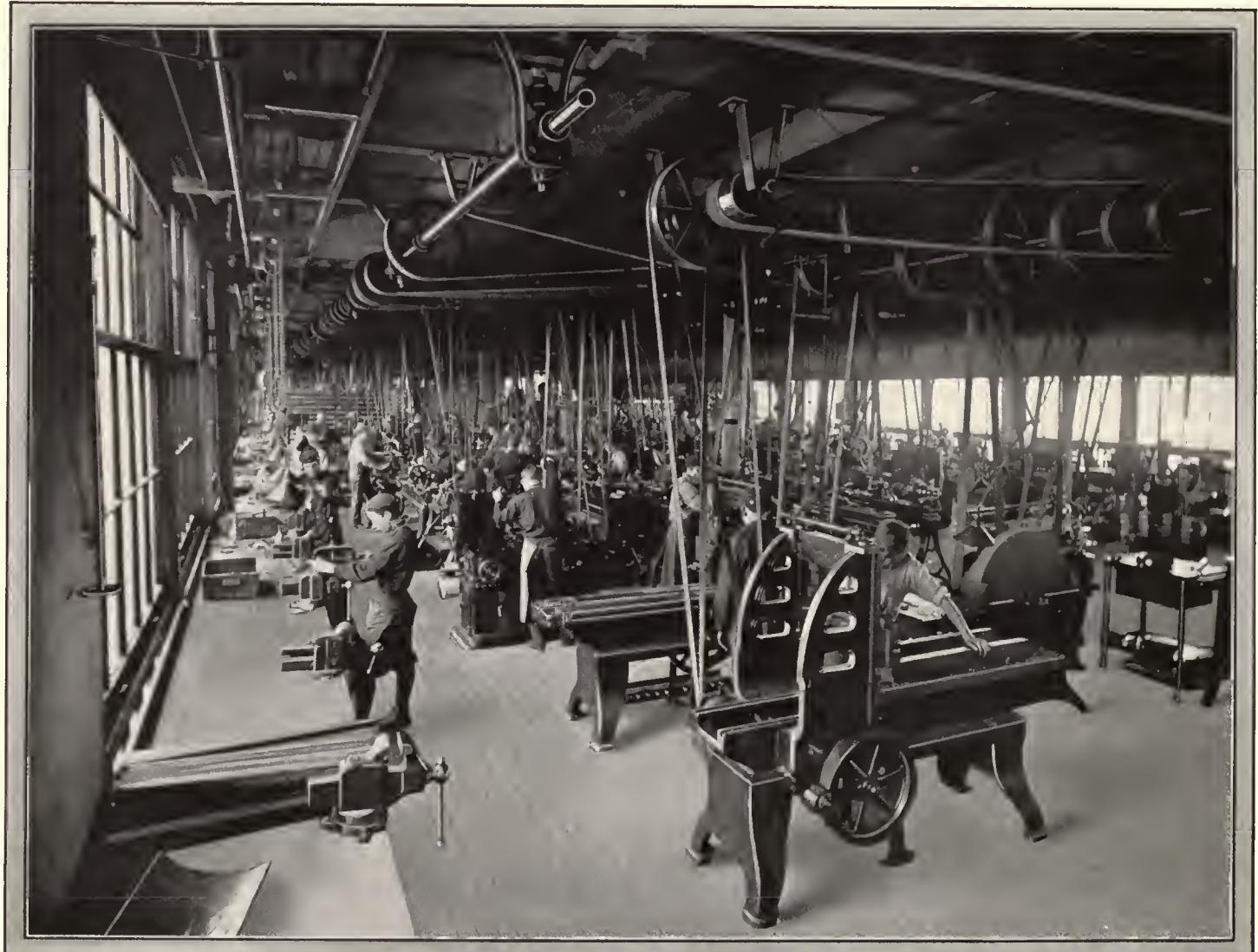
Every Device for Workers' Comfort

We know that the workers receive high wages, are assured permanency of employment, ideal factory conditions, and several other things. But we haven't done justice to the details of the ideal factory conditions. We have spoken of the size of the plant, of its seventy-five per cent of wall space devoted to windows, of its fresh-air supply and its foul-air exhaust, of individual electric lights on all machines. Let us catalogue many more.

If any one can suggest the use of any protective device that will reduce the number of accidents, the company will adopt it without hesitation.

Once, after the state inspectors had approved of the safety devices employed, the company appointed a special committee, consisting of representatives from each department of the factory, and within a year after the recommendations of this committee had gone into effect it was found that the number of accidents in proportion to the number of employees had been reduced *more than seventy-three per cent*. And when there is an accident, though it is only the getting of a bit of dust into the eye of a workman, that workman is compelled by the rules to report to the emergency hospital within the plant. If the accident is too serious to be attended to in the plant hospital, the patient is transferred immediately to the Beverly hospital, where special accommodations are furnished people from the factory. The factory hospital lacks none of the hospital essentials: even an X-ray machine is there ready for use.

Every workman is provided with a locker in a light, clean, airy room. When the men enter this room at closing time, both noon and night, they find the wash-basins filled with water ready



for their use. Shower baths are also right at hand,—all that are needed to supply the wants of the workers without unreasonable delay. Toilet-rooms are found on every floor. Special workmen are employed to keep these rooms absolutely clean and everything in them fit for the service of the workers.

The Mechanics and Inventors of To-morrow

The educational institution of the future, if one be permitted to indulge in prophecy, will be a combination of the present-day industrial plant and the present-day school, with improvements on both. The school that doesn't fit its pupils to earn a living is a failure. No person is a truly educated person who is unable to pay his own way through. The youngsters at Beverly who wish to become mechanics and inventors have an optimistic future. At present two groups, each containing thirty-five boys, alternate between the factory and the Beverly High School, one week at a time in each place. In school they are given the regular school training plus a knowledge of the principles of mechanics which is used in the week of shop work.

These boys are paid one-half the price paid to men performing the same work, the other half going toward the expenses of the school. Even with half the regular price going to the school, the company is compelled to make up a deficit each year. This it is very willing to do, because it is training its own employees according to its own methods for its special work, fitting them to be specialists and preparing them for the receiving of wages which are paid trained men. They are really working their own way through college. They are under factory discipline, work factory hours, learn to work as men among men, taste the joy of earning their own way, and have positions open to them as soon as their school-days are over.

These pupils are given work on different machines, and are allowed to specialize on machines for which special aptitude is shown. They learn mechanical drawing, machine designing, shop mathematics, electricity as applied to machinery, chemistry of materials and their manipulation, business and social forms and practices, personal, social, and civic duties,—to sum up, they are given a practical training in all those things that will fit them for useful citizenship. Development comes as the result of nutritious food and proper exercise. No matter how much nutritious food one may eat, one's arm will not be developed without special exercise. No matter how nutritious the mental food given, it will result in development only when the mind is used. These young men are being given true education,—education that results in their development physically, mentally, and spiritually.



That which men need for educational growth may be found in three fields,—Work, People, and Books. These boys are given book knowledge, which they use in their work among men. Practical workmen set their standards. They have the benefit of talking with men who have, through years of actual working, become efficient in their special lines. What they learn, either from books, periodicals, or men, they may apply in their own work. But they are saved from wasting time in experiments by the presence of a director who knows the most efficient way.

Wisconsin State Commission Endorses Industrial School

This school system has been the subject of a special study by the commission created by the Legislature of Wisconsin, who were instructed to investigate all of the successful industrial and agricultural school methods in this country and abroad, preparatory to applying the methods throughout Wisconsin. The commission consists of the president of the University of Wisconsin, the director of the extension division of the University, the librarian of the legislative reference department, and the superintendent of the Milwaukee public schools. The following is the result of their investigation at Beverly:

"In the Beverly school scheme the factory has a workshop, fitted up for twenty-five boys. One week twenty-five boys work and the rest go to the high school, and then another division takes its place. The company hires competent instructors in the factory and the city binds itself to provide instruction in shop methods, English, mathematics, drawing, chemistry, and other studies. These studies are so arranged that they dovetail into the actual work of the factory. The company takes in boys from 14 to 18 who have passed the 6th grade. The remarkable point and the safe point, both from the standpoint of capital and labor and also from the standpoint of true industrial education, is that the arrangement is controlled entirely by a committee composed of five members of the school board, and one or more citizens of Beverly appointed by the mayor. Every factory has a representative appointed by the mayor upon nomination of the proprietors of the factory. As an additional safeguard, the whole is under the control of the Massachusetts commission on education, and state aid is given the city of Beverly to carry on the work. This seems a good combination, but unless the factory is as large as the United Shoe Machinery Company at Beverly, the shop instruction will not be adequate. It is not often that firms are found who will see matters in as broad a way as the United Shoe Machinery Company of Beverly.

"There are few places indeed in Wisconsin where such co-operation could be carried out. If successfully carried out it would provide a means for making the high school a real factor in the life of every community."

The Welfare of Women Workers

"Special attention is paid to the women workers. Many of them are wives, sisters, or daughters of the men workers. To protect them in every possible way, their work is so arranged that



they are obliged to be thrown with the men but little, their directors, whenever possible, being women. They also begin their work ten minutes later than the men, and leave ten minutes earlier. Both factory and office girls share together the special rest and recreation rooms provided for the female workers, of which there are nearly two hundred, about equally divided between shop and office. A matron has charge of their rest-room. In it they have a piano, reading matter, comfortable chairs and couches. Right at hand is a room containing individual lockers, and across the hall are the bath-rooms, with hot and cold water and other necessities. One salutary rule the company enforces rigidly is that which commands the women to leave their work-rooms during the mid-day lunch hour. They may go to their homes, if not too far, to the plant's dining-room, especially prepared for them, where they have separate small tables, or to the rest-room. This bit of enforced relaxation rests them, and does much to prevent nervous breakdown.

The great restaurant is a delight. The food served here is as wholesome and nutritious as modern science can make it. The vegetables are grown in the company's own gardens. Other foodstuffs are purchased in wholesale quantities, and brought direct to the factory in freight cars. The prices are so low that a workman can scarcely afford to bring his meals from his home. In addition to the nourishing food, the efficient service, the cleanliness of everything, the restaurant is of value because it brings the workers together for social talks and mental relaxation. I cannot remember to have eaten a more delightful meal in my wanderings than the luncheon served in the company's dining-room.

A Clubhouse for Employees

After you had finished visiting the plant, and had looked at your watch preparatory to asking when the next Boston train left, some one would probably ask you, "Why not walk over to the club?" Being a guest, and wishing to allow your host the privilege of entertaining you in his own way, you would agree, thinking all the time that you were to be ushered into some select place devoted to the sacred pleasures of the high and mighty. And then, when you approached the building and saw an outside that seemed brazenly to advertise luxury within, you wondered at the boldness of these high officials in flaunting such a luxurious club in the very faces of their workingmen.

"This club belongs to all the workers," you would hear your host saying in a sort of off-hand manner. "It was given to us by the company and turned over to us December 30, 1910.





COMPANY AT THE FACTORY, BEVERLY, MASS.



The cost was something over \$35,000. It is managed by the United Shoe Machinery Athletic Association, composed of about two thousand members, each member paying \$1.00 a year in dues."

Think of that! Think of having a clubhouse with its equipment worth \$40,000 or more, at a cost of \$1.00 a year! Here are bowling-alleys, billiard and pool tables, a huge reading-room cheered with a fireplace and the latest magazines, a dining-room where food is served almost at cost, a special department devoted exclusively to the use of the women (although they share the rest of the club with the men), a dance hall, a perfectly appointed theater with scenery, and all the rest of it, — and all for \$1.00 a year! Of course there are bath-rooms and all the accessories in addition. Is it any wonder that the English delegates to the Boston convention of the Associated Advertising Clubs of America, after visiting the Beverly plant, wrote this in the guest book :

"We English delegates to the seventh annual convention of the Associated Advertising Clubs of America pay a hearty tribute to the spirit of enterprise evidenced in the magnificent works of the United Shoe Machinery Company, which we have had the pleasure of inspecting."

Three hundred acres, I said, had been purchased for the use of the company. This is how part of it is used : Immediately in front of the clubhouse are the athletic fields. Here baseball, football, cricket, field sports, track sports, everything that the athlete desires, may be played. At the side of the house are the tennis courts, while within walking distance is one of the finest shooting ranges in the State. Shot-guns, rifles, revolvers of all shapes, sizes, and families may be used here. Last fall ten thousand persons assembled for the Annual Field Day festivities, watched the sports, heard the United Shoe Machinery Band play (of course they have a band), viewed the exhibits of vegetables raised on the land of the company and in the gardens of the employees, ran races, won prizes, laughed, sang, took in the shows, patronized the fakir booths (local fakir talent), danced, had their pictures taken, — say, that day was so successful that the Beverly folks are sometimes inclined to date things from it.

Beverly is on the seashore and the motor-boat enthusiasts have organized a club, erected a clubhouse, purchased a fleet of launches and sailing craft, and look with pity upon the land-lubbers who waste their time playing hot games in the sun instead of sailing out into the ocean where the cool breezes live all the time. This club is made up of eighty members and boasts of fifty boats of all styles and sizes. Regattas are held on holidays and the rivalry between owners is keen. The commodore is confident that the present club is but a seed from which a big club will grow. The desire to excel, to develop the small into the great, to improve the good and substitute the best, is ever present where these contented workers congregate. The athletic association is even now



talking about raising a dam near the factory, thus backing the water into a ravine near the club and providing an ideal canoeing and boating place.

Each of these athletic divisions has its own governing board, subject only to the governing board of the house. This board consists of workers with one official representative from the management. Membership, however, is by no means limited to the factory workers. Outsiders may join on the same terms as employees, but to prevent them from influencing the policy of the organization at least seventy-five per cent of the local membership must be factory folk.

It is certain that these workers, even those who draw the lowest wages, have social betterments provided for their enjoyment that the majority of more highly paid city folks cannot have. And yet, as every official and every employee will say, all these things are not given in place of wages, but in addition to them. They call it intelligent industrial co-operation. They all insist that it is good business, that it pays profits in real money, in better satisfied employees, in more efficient work, and that what is being done in Beverly to-day will be done by all wise employers the country over when they awaken to the fact that, viewed from the most selfish standpoint, it pays the fellows whose sole interest in life is expressed in the cry, "Give us dividends!"

The Company Provides Gardens and Aids in Home Building

With three hundred acres surrounding the factory there is more land than is needed for the actual needs of the business and for the country club. In keeping with the efficiency policy of the managers, much of this land has been put into service by offering a garden plot, free of rent, to all employees. The company furnishes to each gardener the expert advice of a trained agriculturist, plows the land, supplies fertilizers, and assists in other ways, the cost for the service being nominal. Nothing but the land is given free, the company desiring each worker to feel that he is paying his own way through, and is not compelled to receive even advice as a free gift.

Not far from the factory and the clubhouse are many beautiful homes of factory employees. An arrangement has existed between the company and its workers which permits the latter to gain possession of his own home with the least possible financial strain. Without going into the real estate business the company has always stood ready to facilitate this plan. The homes are built along distinctive architectural lines by a real estate company and turned over to the worker on a reasonable basis. The employee is assured that the retention of his home will not be questioned or affected in any way should he leave the company's employ.



Benefit Association and Savings Bank Insurance

In addition to all these things for days of health, the employees have a mutual relief association so well established that in the first five years of its existence it paid in sick and accident benefits \$32,499.69. The fees are nominal, and are graduated according to the earning capacity of the members. Each member of the association is given substantial assistance when sick or injured. The salary of the secretary is paid by the company. For each death \$200 is paid. Every officer, including the board of directors, is a worker in the plant.

The thrift of these workers at Beverly is manifested in savings-bank deposits. Living in the country, untempted by the colorful joys of the big city, encouraged to build and pay for their own homes and have a bit of ground to cultivate for their own, these workers do not fritter away their funds. Of the 2,521 savings-bank insurance policies in force in Massachusetts, 402, or one-sixth, are held by workers in this plant. The limit allowed each policy under this form is \$500. The workers in this plant hold an aggregate of \$201,000. Figure out the average for yourself. The faith the workers have in the judgment of the company officials, the trust that exists between them, are manifested in these savings. It was on the recommendation of the officials that the workers adopted this form of saving — almost the first in the United States to inaugurate this form of benefit.

The man who has money saved is the man who is likely to be most efficient in his work. When the saving habit is once formed the habits of steadiness, reliability, sobriety, and kindred habits follow as a matter of course. The Massachusetts Savings Insurance League has done its share in making the United Shoe Machinery workers the most reliable and most efficient in the country. It has brought them into direct contact with the savings banks, and many of them have already adopted the plan of applying the dividends on their savings-bank insurance policies to the opening of a deposit account in the savings bank — thus combining the two forms of saving.

The company makes it easy for its workers to save through the use of an order on the pay roll which authorizes the company to deduct a certain sum from the worker's wages and pay the sum so deducted into the savings bank as a monthly premium on the insurance policy. So persistent have the policy holders been under this system that the lapse rate has been only twelve per cent.



Horace D. Arnold's Tribute

In this connection it may be well for us to learn what the officials of the Savings Bank Insurance League think of the United Shoe Machinery Company and of its treatment of its employees. At a meeting of the workers in March, 1912, Dr. Horace D. Arnold, state medical director of the League, said: "I HAVE FOUND HERE THE BEST INDUSTRIAL CONDITIONS THAT I HAVE EVER SEEN ANYWHERE FOR PEOPLE IN A MANUFACTURING PLANT. I want to congratulate you on the conditions under which you work; also to congratulate you on what your employers are doing for you. If we had the same spirit throughout the state in all of the employments, we should hear very much less of the disturbances which exist in the industrial community to-day."

Company Employees Good Insurance Risks

Later, in a letter to Miss Alice Harriet Grady, financial secretary of the League, Dr. Arnold spoke of the problems of the medical department and of the question of the occupation of the applicant. "A study of life insurance statistics," he wrote, "shows that the occupation is an important factor in affecting the mortality rate. This arises because some of the trades are more or less injurious to health from the nature of the occupation, and also because the hygienic conditions under which many operatives work are far from satisfactory. The actual objection on these grounds will vary with the conditions in individual places, but in making rules on the subject we have to be guided by the average condition of operatives in a given trade."

Referring to his talk to the operatives in the Beverly plant, he said that he had told the workers that he "regretted that it was not possible to give better rating to operatives, like those at the United Shoe Machinery Company, where the conditions were so much better than the average for persons in a given occupation."

"The trouble lies," he continues, "in the fact that the person has an uncertain tenure of his place and, hence, of favorable conditions, whereas we must insure for life or for a long term of years, no matter where he may work in the future. We cannot be sure but that in the pursuit of his trade, if he were to lose his work at the United Shoe Machinery Company, he might go to a place where the conditions are much worse. This explained our objection to certain occupations, notwithstanding the fact that the conditions there (in the United Shoe Machinery Company's plant at Beverly) are so far above the average."

"The United Shoe Machinery Company," he concludes, "has done a great deal to reduce to



a minimum the objectionable features of the occupations of its employees. The liberal amount of light and air, the good ventilation and excellent hygienic arrangements, and the great attention to cleanliness are important factors. Then the general use of efficient blowers to remove the metallic dust makes practically unobjectionable some of the occupations that are ordinarily dangerous to health. I was struck by the excellence of those arrangements, and found at this plant the best conditions I have found anywhere in a manufacturing plant."

An Ideal Aim Achieved

We are now approaching the end of this story about The Three Partners. An individual or an institution, we agreed, in order to exist was compelled to obey two fundamental laws—Self-preservation and Self-perpetuation. This company has done that. It has manufactured and sold its product at a profit. It continues to manufacture and sell its product at a profit. It has achieved its ideal aim. It has brought about the harmonious co-operation of the two partners, Capital and Labor, and has through this co-operation rendered efficient and satisfactory Service to the public. Its plant is a social center. The wages paid its workers provide for all the necessities of life and more. In social service it is ahead of its time.

I do not accuse it of being a perfect institution. It is still growing—still in the process of evolution. It is the product of its time. Like wise generals, its officials will change its policies and add to its betterments, so that the public of To-morrow will also call it a product of that time—the fittest instrument of its kind for the doing of the work an enlightened society demands of it. Being business-builders and not simply business-getters, its management is seeking for ideas, for suggestions that will strengthen it in service-rendering power. As they now call in and toss onto the scrap heap hundreds of thousands of dollars' worth of out-of-date machinery and substitute machinery that is more efficient, so are they ready and willing to toss into the scrap heap policies and business principles now employed whenever tried and tested substitutes intended to make the institution more fit to serve shall have discovered themselves.

The strength of any institution is the strength of its ideas manifested in service to society. Strengthened within by satisfied workers, held together by efficient manufacturing and selling methods, strengthened from without by the combined strength of uniformly treated and satisfied patrons, the United Shoe Machinery Company stands forth as a master social servant, officered by men who know that its fitness to survive and grow depends on but one thing—its continued fitness to serve.



What United Shoe Machinery Does

President Sidney W. Winslow's Statement to the Public

I feel that the public should be made acquainted with the following facts:

1. The item of machinery is the only item of cost in the manufacture of shoes which is lower to-day than in 1899, when the United Shoe Machinery Company was formed.
2. The company has lowered many of its charges and has never increased royalty charges or charges for materials furnished manufacturers. The initial cost of the machinery equipment of a shoe factory is lower to-day than ever before.
3. The average royalty paid by a shoe manufacturer for the use of all machines furnished by the company in the manufacture of all types and grades of shoes is less than $2\frac{2}{3}$ cents per pair of shoes. This includes the Goodyear welt shoe, on which the highest royalty paid on the most expensive shoe is less than $5\frac{1}{4}$ cents per pair.
4. Goodyear welt shoes constitute less than one-third of the total annual production of the United States. On 164,000,000 pairs of shoes out of the total annual production, including Good-year turn shoes, McKay shoes, Standard screw and loose-nailed shoes, the amount of royalty received will average less than $1\frac{1}{3}$ cents per pair, and this is all the company receives for the manufacture, installation, use, care and service in keeping the machines in running order, and for instruction of operatives.
5. The company now makes over 300 different machines, some of which are leased to manufacturers, many of which are sold outright, and most of which can be either leased or purchased as the shoe manufacturer may prefer.
6. The United Shoe Machinery Company has many millions invested in machines in shoe factories, and its returns on this investment are not as large, proportionately, as the returns received by the successful shoe manufacturers on their investment.
7. Of the 7,106 individual holders of the stock of the corporation, 4,325 are residents of Massachusetts and more than half the stockholders are women.
8. The operators on the company's machines in shoe factories are much more regularly employed and receive higher wages than under the conditions existing prior to the formation of the company.
9. The wages paid at our Beverly factory average higher than those paid in any other

factory of equal size in Massachusetts. According to the official report by the Massachusetts State Bureau of Statistics, the city of Beverly held first place in Massachusetts in 1908 with an average annual wage of \$640.17. The average of the Beverly factory exceeds that of the city. The weekly wage in 1910 averaged \$15.75.

10. The provisions for the comfort, safety, health, and happiness of the employees at the Beverly factory are not excelled, and perhaps not equaled, at any other factory in the world. The secretary of the employers' welfare department of the National Civic Federation, in a letter written June 2, 1911, says of this feature of the management of the Beverly factory :

"Since our method of inducing employers to better the conditions of their employees is that of proving the value of welfare work by quoting splendid examples, we shall find it particularly valuable to point to the United Shoe Machinery Company for emulation."

11. The company's business has always been carried on frankly and aboveboard. Our method of doing business has been familiar to all shoe manufacturers, who are our only customers, and from the beginning it has met with their general approval. The nature of our leases has been a matter of public knowledge for years. The leases have been printed in the public press over and over again. The well-known fact that the public are not familiar with the technical details has given certain critics of the company an opportunity to misrepresent the real facts.

We have given the department of justice every facility for conducting its investigation. Mr. Gregg, representing the department, had a desk in our office for weeks, and we freely turned over to him all our records and all documents relating to our business which he asked for. The company has been advised from the day of its organization by able and high-minded counsel, who have been thoroughly familiar with every page of its history, and in whose judgment its course has not in any way been opposed to the letter or the spirit of the law. We have never believed that we were doing business in violation of the law, and the action of the grand jury has not changed our opinion on that point.

12. The three companies doing business in 1899, by the consolidation of which the United Shoe Machinery Company was formed, were not competing companies. The principal machines which each made did not interfere with the machines made by any other of the three companies. The Goodyear Shoe Machinery Company chiefly made machines for sewing the sole to the upper in welt shoes and various auxiliary machines which helped to perfect the shoe; the Consolidated and McKay Lasting Machine Company made machines for lasting a shoe, an entirely distinct operation; the McKay Shoe Machinery Company made machines for attaching soles and heels

by metallic fastenings and furnished material for that purpose. The object of the consolidation was not to destroy competition. The purpose was to reduce the cost of production of the machines, to improve the quality of service furnished without increasing the cost to the shoe manufacturer, and to give to each manufacturer who might wish it an opportunity to get from a single company, under these improved conditions, such of these machines as he might need in that department of the factory in which soles and heels are attached to uppers—the machines in what is known as the "bottoming room." It was intended to give to shoe manufacturers a convenience similar to that which a great department store affords its customers, or which a coal dealer offers to those who may prefer to buy coal, wood, and coke in a single establishment.

13. The beneficial results of the consolidation and of the company's methods, both to the shoe manufacturer and the consumer, have been manifest. By leasing machines to all manufacturers, large and small, on the same terms, the company enables the small manufacturer to have a credit with every leather dealer, previously entirely unknown, to establish himself in business and continue business without tying up a large and perhaps a prohibitive amount of capital in his machinery, conscious that he is under no disadvantage in competing with the large manufacturer who perhaps might feel better able to tie up a portion of his capital in costly machinery, subject to more rapid depreciation than the machinery employed in any other large industry. Competition in the shoe manufacturing industry in consequence is more free than in any other extensive industry. There are over 1,200 individual concerns in the United States.

14. Under the royalty system, a shoe manufacturer can start in business with a modest capital, and although shoes are made on a close margin of profit, the capital, being in liquid form, can be turned several times a year, thus giving the manufacturer a substantial profit on the total volume of business, while giving the consumer the benefit of the narrow margin of profit on each pair of shoes. There is no other large industry of which this is true. The manufacturer of textiles, before beginning business, is compelled to install a complete equipment of machinery at a cost which is prohibitive, except to concerns of large capitalization. The industry must, therefore, be concentrated in a comparatively few concerns, while any shoe manufacturer can start business with a nominal investment of capital for machinery. In proportion to the amount of capital invested, the value of the product exceeds that of any other industry.

The watchword of the company has been efficiency—efficiency in the manufacture of machinery, efficiency in inventing and improving machinery, efficiency in keeping that machinery in the best possible operating condition.

It is and has long been the policy of the company to maintain at its own expense a large force of skilled mechanics, whose business and duty it is to attend and keep in perfect repair all machines leased to manufacturers of shoes.

The shoe manufacturer cannot practically give his attention to the manufacture or repair of machines. He must center his efforts, skill, and energy on making shoes. For him this company furnishes, keeps in repair, and improves all its machinery leased for making shoes.

It gives practically without charge all the benefits of research, study, and invention in the art of shoe machinery.

And for this service it receives on the average less than $2\frac{2}{3}$ cents per pair of shoes. For two-thirds of all shoes manufactured in the United States, if all its machines were used in their manufacture, it would receive less than $1\frac{1}{3}$ cents per pair.

The company has pursued this course because it was good business policy; but we believe that the company, as at present organized, has been an unqualified benefit to the shoe manufacturers of Massachusetts and the United States, and to the operatives in shoe factories, while the public has been the greatest beneficiary of all.

Boston, September 20, 1911.

Letter from Ex-Governor William L. Douglas, President of the W. L. Douglas Shoe Company

At the hearings in Washington last spring on the Thayer bills before the House Committee on the Judiciary, the following letter from Ex-Governor William L. Douglas, president of the W. L. Douglas Shoe Company, was read to the committee by Congressman Robert O. Harris of Massachusetts, who represents the largest shoe manufacturing district in the United States:

CONGRESSMAN ROBERT O. HARRIS,
House of Representatives, Washington, D. C.

BROCKTON, MASS., Feb. 17, 1912.

Dear Sir: Two bills have been introduced in the House of Representatives by Congressman Thayer, of Worcester, in which the shoe manufacturers of Massachusetts are especially interested.

The object of these bills is to prevent the leasing of shoe machinery on the terms which shoe manufacturers have been accustomed to for a great many years, and to establish conditions under which the entire industry would be confronted with new and uncertain problems.

As one who has been engaged in the business for many years, I should regret exceedingly to see legislative interference between my company and any other company with which we have enjoyed, in the main, mutually satisfactory relations. In matters of difference in regard to business policy it is always better that results should be arrived at by mutual conference and agreement between the parties concerned.

In this particular instance it would be especially unfortunate if Congress should undertake to pass legislation which would revolutionize existing conditions, and the Thayer bill has evidently been drafted without a proper consideration of the real requirements of the shoe industry. For one thing, it would abridge the freedom of contract which shoe manufacturers now enjoy. There are many distinct machines which are required in the making of shoes, and these machines work together most efficiently in a series or groups. For the purpose of best economy it is important that there should be continuity of operation and service, and it is to the advantage of a shoe manufacturer, so far as possible, to obtain all his machinery through a company which is capable of insuring such continuity. A shoe machinery company which supplies a manufacturer with a series of machines is in better position to keep those machines in good repair and in continuous operation at a smaller expense and with greater effectiveness than a company which only has a few individual machines scattered about through many factories.

There are many shoe manufacturers who wish to be in a position to engage from a single shoe machinery manufacturer a number of machines which are operated together in a series so as to enjoy the advantage of this harmony and effectiveness of service, and these shoe manufacturers are now at liberty to enter into contracts by which they can obtain the use of a series of machines from a given company on more favorable terms than they could get if they were to use only one of that company's machines.

Under proposed legislation it would no longer be possible for a shoe manufacturer to make such a contract. If he should wish to use the entire series of machines of the United Company, for instance, he would be compelled to pay the same prices, rentals, and royalties as the manufacturer who uses only one of the machines of the United Company, and he would be permitted to receive only the same service. It would no longer be possible for him to enjoy the use of the company's auxiliary machines without the payment of a royalty on each of those machines. This is manifestly unjust.

There are other objections to the proposed measures, but the one I have indicated seems to me to be conclusive, and I believe that the great majority of shoe manufacturers on consideration of the scope of the bills will be found to be opposed to their enactment.

I respectfully urge you to use your influence against their passage.

Yours very respectfully,

W. L. DOUGLAS,
President W. L. Douglas Shoe Company.



LIBRARY, U.S.
U.S. LIBRARY



The United Shoe Machinery Band

On the following pages are pictured a few of the Machines made at the Beverly Factory used in the manufacture of shoes.



1. Ultima Heel Trimming Machine
2. Crest Heel Blacking Machine — Model B
3. Goodyear Improved Sole Laying Machine — Twin
4. Hadaway Stitch Separating Machine
5. Universal Slugging Machine
6. American Twin Sole Moulding Machine — Model C
7. Goodyear Universal Rounding and Channeling Mch.

8. Goodyear Universal Inseam Trimming Machine
9. Atlas Leveling Machine — Model A
10. McKay Automatic Heel Loading and Attaching Mch.
11. Goodyear Welt and Turn Machine — Model G
12. Ideal Clicking Machine — Model C
13. Con. Hand Method Welt Lasting Machine
14. U. S. M. Co. Insole Tacking Machine No. 1

15. Goodyear Outsole Rapid Lockstitch Machine — Model K
16. Universal Power Eyeletting Machine
17. Improved Geared Sole Cutting Machine — Model CC
18. Rex Rotary Pounding and Trimming Machine — Model B
19. Goodyear Insole Tack Pulling Machine



20. Union Twin Edge Setting Machine — Model S
 21. Goodyear Heel Turning Machine
 22. Imperial Heel Breasting Machine — Model B
 23. Universal Double Clinch Machine
 24. Goodyear Welt Indenting and Burnishing Machine
 25. Feather Edge and Shank Reducing Machine —
 Model H
 26. Goodyear Universal Welt Beating Machine

27. Planet Rounding Machine — Model D
 28. Duplex Eyeletting Machine
 29. U. S. M. Co. Lasting Machine No. 5
 30. Upper Cleaning Machine — Model R
 31. Monarch Counter and Box Toe Skiving and Finish-
 ing Machine
 32. Rex Hammer Pounding Machine

33. Welt Cutting Machine — Model N
 34. McKay Sewing Machine — Model B
 35. Goodyear Welt and Turn Shoe Leveling Machine
 36. Regent Stamping Machine — Model C
 37. Goodyear Automatic Sole Leveling Machine
 38. Goodyear Universal Channeling Machine
 39. Gearless Sole Cutting Machine — Model E



40. Rex Assembling Machine
 41. Royal Perforating Machine — Model B
 42. Pyramid Heel Building Machine — Model C
 43. Empire Splitting Machine — Model C
 44. Rex Upper Trimming Machine
 45. Xpedite Heel Finishing Machine
 46. Top Piece Sanding Machine — Model G

47. Crown Tip Punching Machine — Model P
 48. Heel Seat Rough Rounding Machine
 49. Hercules Leveling Machine — Model B
 50. Star Channel Cementing Machine
 51. Champion Shank Skiving Machine — Model A
 52. Edge Trimming Machine — Model A
 53. Victor Rolling Machine — Model E

54. American Lightning Nailing Machine
 55. Ensign Lacing Machine — Model B
 56. Rapid Rotary Cementing Machine
 57. Apex Channeling Machine
 58. Improved Vamp Marking Machine — Model C
 59. Premier Heel Pricking Machine



60. Rapid Standard Screw Machine
 61. Crescent Toe Gouging Machine — Model C
 62. Eagle Upper Stamping Machine — Model C
 63. Miller Twin Shoe Treeing Machine — Model H
 64. Pluma Skiving Machine — Model D
 65. Loose Nailing Machine No. 2
 66. Goodyear Upper Stapling Machine

67. Rex Pulling Over Machine
 68. Improved Gearless Sole Cutting Machine — Model A
 69. Taper Nail Tacking Machine, Double Head
 70. Amazeen Skiving Machine — Model No. 7 and
 Grinder
 71. Automatic Heel Compressing Machine No. 4
 72. Eagle Sole Stamping Machine — Model C
 73. Goodyear Flexible Sole Machine — Model B

74. 18" Centennial Splitting Machine — Model A
 75. Buffing Machine — Model G
 76. Goodyear Tack Pulling and Resetting Machine
 77. Summit Splitting Machine — Model P
 78. Summit Splitting Machine — Model M
 79. Champion Heel Lift Skiving Machine — Model A
 80. Improved Baby Sole Cutting Machine — Model P



UNIVERSITY OF CALIFORNIA LIBRARY,
BERKELEY

THIS BOOK IS DUE
STAMPED BELOW

Books not returned on time are subject to a fine of
50c per volume after the third day overdue, increasing
to \$1.00 per volume after the sixth day. Books not in
demand may be renewed if application is made before
expiration of loan period.

20 Jan '64 BG

10

50 m-8-'26

